

Township of Metamora

Lapeer County, Michigan

Audited Financial Report

March 31, 2005

Lehn L. King

Certified Public Accountant
Marlette, Michigan

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Metamora Township	County Lapeer
Audit Date 5/16/05	Opinion Date 5/19/05	Date Accountant Report Submitted to State: 8/18/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

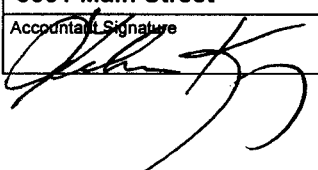
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Lehn L. King, C.P.A.			
Street Address 3531 Main Street		City Marlette	State MI
Accountant Signature 		ZIP 48453	Date 7/12/05

Township of Metamora
Annual Financial Report
For The Fiscal Year Ended March 31, 2005

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LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

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Members of the Township Board
Metamora Township
Lapeer County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Metamora, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Metamora, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Metamora, Michigan as of March 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Metamora, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2004.

Lehn King

Lehn L. King
Certified Public Accountant

May 19, 2005

Township of Metamora

Metamora, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Metamora's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Township's financial statements.

Financial Highlights

The Township is in a good financial position. As seen below, the General, Police, and Fire are all carrying a healthy fund balance.

However, care must be taken in future budgets because of potential cutbacks in State Shared Revenue and the escalating cost for providing local government services.

The Township contracted with Lapeer County Road Commission to gravel the Township roads as of February 11, 2002. The Township entered into a bond issue in the amount of \$500,000 for the purpose of applying 100 tons of gravel. This bond issue is to be paid back at \$50,000 per year plus interest. This bond issue matures August 1, 2011.

On June 16, 2000, the Township entered into a land contract in the amount of \$539,500 for the purchase of approximately 20 acres of property adjoining existing Township property. It is due in ten annual installments of \$72,781, beginning June 16, 2001. This contract matures June 16, 2010.

Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

The Township as a Whole

The Township of Metamora's fund balances are as follows:

	<u>March 31,</u> <u>2005</u>	<u>March 31,</u> <u>2004</u>	<u>March 31,</u> <u>2003</u>
General Operating	\$ 500,135	\$ 747,260	\$ 546,863
Police Protection	706,759	494,377	490,341
Fire Protection	385,554	279,455	408,362
Building Fund	13,465	15,007	8,231
Total for Township	<u>\$ 1,605,913</u>	<u>\$ 1,536,099</u>	<u>\$ 1,453,797</u>

Township of Metamora

Metamora, Michigan

Governmental Activities

The Township of Metamora's Revenues and Expenditures can be summarized as follows:

	General Fund		Building Fund	
	March 31,		March 31,	
	2005	2004	2005	2004
Fund Balance - Beginning of Year	\$ 1,521,095	\$ 1,445,565	\$ 15,008	\$ 8,231
Revenue Collected				
Property Taxes	1,012,876	950,443	-	-
Intergovernmental Revenue	249,301	264,880	-	-
Charges for Services	91,581	81,526	94,649	57,410
Loan Proceeds	-	200,000	-	-
Other	125,772	138,746	747	10,502
Transfers	9,147	-	-	-
Total Revenue Collected	1,488,677	1,635,595	95,396	67,912
Expenditures				
General Government	494,796	412,802	-	-
Public Safety - Police	443,865	430,052	-	-
Public Safety - Fire	152,150	150,899	-	-
Public Safety - Building	59,759	56,635	87,791	61,135
Public Works	32,882	37,364	-	-
Capital Outlay	32,240	329,759	-	-
Debt Service	201,632	142,554	-	-
Transfers	-	-	9,147	-
Total Expenditures	1,417,324	1,560,065	96,938	61,135
Fund Balance - End of Year	<u>\$ 1,592,448</u>	<u>\$ 1,521,095</u>	<u>\$ 13,466</u>	<u>\$ 15,008</u>

Township of Metamora

Metamora, Michigan

Economic Factors and Next Year's Budget and Rates

The Township of Metamora's 2005/2006 adopted budget is as follows:

	<u>General Fund</u>		<u>Building Fund</u>	
	<u>March 31,</u>		<u>March 31,</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenue				
Property Taxes	1,023,988	1,157,022	-	-
Intergovernmental Revenue	248,200	247,000	-	-
Charges for Services	100,213	98,688	84,700	88,984
Other	21,850	24,650	-	12,100
Total Revenue Collected	<u>1,394,251</u>	<u>1,527,360</u>	<u>84,700</u>	<u>101,084</u>
Expenditures				
General Government	475,900	482,764	-	-
Public Safety - Police	463,515	446,319	-	-
Public Safety - Fire	158,939	252,975	-	-
Public Safety - Other	58,200	63,025	84,700	89,000
Public Works	46,700	39,500	-	-
Capital Outlay	35,970	27,500	-	-
Debt Service	155,027	180,127	-	-
Transfers	-	-	-	-
Total Expenditures	<u>1,394,251</u>	<u>1,492,210</u>	<u>84,700</u>	<u>89,000</u>
Net Over/Under Budget	<u>\$ -</u>	<u>\$ 35,150</u>	<u>\$ -</u>	<u>\$ 12,084</u>

Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 730 West Dryden Road, Metamora, Michigan or by telephone at (810) 678-2237.

David Best
Township of Metamora Supervisor

Township of Metamora

Statement of Net Assets (Deficit)

March 31, 2005

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash & Cash Equivalents	\$ 662,302.01
Property Taxes Receivable	85,359.07
Prepaid Expenses	6,936.22
Due From Other Funds	919,230.70
Capital Assets (Net of Accumulated Depreciation)	<u>1,415,338.00</u>
Total Assets	3,089,166.00
<u>Liabilities</u>	
Accounts Payable	\$ 18,077.16
Accrued Wages	12,152.62
Deferred Revenue	26,088.00
Due To Others	11,597.00
Accrued Interest Payable	9,762.00
Current Portion of Long-Term Debt	136,187.00
Long-Term Debt	<u>697,682.00</u>
Total Liabilities	<u>911,545.78</u>
Net Assets (Deficit)	
Invested in Capital Assets - Net of Related Debt	571,707.00
Restricted for Police Protection	706,759.18
Restricted for Fire Protection	385,553.60
Unrestricted	<u>513,600.44</u>
Total Net Assets (Deficit)	<u><u>\$ 2,177,620.22</u></u>

The notes are an integral part of the statements.

Township of Metamora

Statement of Activities

For the Year Ended March 31, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Governmental Activities	
				Governmental	Activities
Primary Government:					
Governmental Activities:					
General Government	\$ 497,464.08	\$ 98,080.68	\$ -	\$ (399,383.40)	
Public Safety	812,951.88	132,428.93	10,800.00	(660,245.62)	
Public Works	32,881.74	-	-	(32,881.74)	
Interest on Long-Term Debt	48,270.73	-	-	(48,270.73)	
Total Governmental Activities	\$ 1,391,568.43	\$ 230,509.61	\$ 10,800.00	(1,140,781.49)	
General Revenues:					
Property Taxes				\$ 1,012,876.33	
State Shared Revenues				249,301.00	
Interest				25,832.43	
Other Revenues				36,127.99	
Transfers				-	
				1,324,137.75	
Total General Revenues, Special Items & Transfers				183,356.26	
Change in Net Assets				1,994,263.96	
Net Assets (Deficit) - Beginning of Year					
Net Assets (Deficit) - End of Year				\$ 2,177,620.22	

The notes are an integral part of the statements.

Township of Metamora

Governmental Funds

Balance Sheet

March 31, 2005

	General Fund	Building Fund	Totals Governmental Funds
<u>Assets</u>			
Cash & Certificates of Deposit	\$ 620,062.22	\$ 42,239.79	\$ 662,302.01
Property Taxes Receivable	85,359.07	-	85,359.07
Prepaid Expenses	6,936.22	-	6,936.22
Due From Other Funds	928,077.82	-	928,077.82
<u>Total Assets</u>	<u>\$ 1,640,435.33</u>	<u>\$ 42,239.79</u>	<u>\$ 1,682,675.12</u>
<u>Liabilities & Fund Equity</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 9,746.77	\$ 8,330.39	\$ 18,077.16
Accrued Wages	12,152.62	-	12,152.62
Deferred Revenue	26,088.00	-	26,088.00
Due To Other Funds	-	8,847.12	8,847.12
Due To Others	-	11,597.00	11,597.00
<u>Total Liabilities</u>	<u>47,987.39</u>	<u>28,774.51</u>	<u>76,761.90</u>
<u>Fund Equity</u>			
Fund Balances			
- Designated for Police Protection	706,759.18	-	706,759.18
- Designated for Fire Protection	385,553.60	-	385,553.60
- Unreserved & Undesignated	500,135.16	13,465.28	513,600.44
<u>Total Fund Balances</u>	<u>1,592,447.94</u>	<u>13,465.28</u>	<u>1,605,913.22</u>
<u>Total Liabilities & Fund Equity</u>	<u>\$ 1,640,435.33</u>	<u>\$ 42,239.79</u>	<u>\$ 1,682,675.12</u>

The notes are an integral part of the statements.

Township of Metamora
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended March 31, 2005

Total Fund Balances for Governmental Funds	\$ 1,605,913.22
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Amounts reported for Governmental Activities in the Statement of
Net Assets (Deficit) are different because:

Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	1,415,338.00
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Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	(833,869.00)
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Accrued Interest Payable is not reported in the Funds	<u>(9,762.00)</u>
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Net Assets of Governmental Activities	<u><u>\$ 2,177,620.22</u></u>
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The notes are an integral part of the statements.

Township of Metamora
Governmental Funds
Statement of Revenues, Expenditures, And Changes
in Fund Balances
For The Year Ended March 31, 2005

	General Fund	Building Fund	Totals Governmental Funds
<u>Revenues</u>			
Property Taxes	\$ 1,012,876.33	\$ -	\$ 1,012,876.33
State Shared Revenue	249,301.00	-	249,301.00
Charges for Services:			
General Government	53,799.66	-	53,799.66
Public Safety	37,780.93	-	37,780.93
Permits & Fees	34,017.25	94,648.00	128,665.25
Grant Proceeds	20,277.33	-	20,277.33
Interest Earnings	25,085.67	746.76	25,832.43
Reimbursements	10,263.77	-	10,263.77
Other Revenues	36,127.99	-	36,127.99
<u>Total Revenues</u>	<u>1,479,529.93</u>	<u>95,394.76</u>	<u>1,574,924.69</u>
<u>Expenditures</u>			
General Government	494,796.08	-	494,796.08
Public Safety	655,773.63	87,791.25	743,564.88
Publics Works	32,881.74	-	32,881.74
Capital Outlay	32,240.00	-	32,240.00
Debt Service - Principal	163,123.00	-	163,123.00
Debt Service - Interest	38,508.73	-	38,508.73
<u>Total Expenditures</u>	<u>1,417,323.18</u>	<u>87,791.25</u>	<u>1,505,114.43</u>
Excess of Revenues Over (Under) Expenditures	62,206.75	7,603.51	69,810.26
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In (Out)	9,147.26	(9,147.26)	-
Net Change in Fund Balances	71,354.01	(1,543.75)	69,810.26
<u>Fund Balances - Beginning of Year</u>	<u>1,521,095.43</u>	<u>15,009.03</u>	<u>1,536,104.46</u>
<u>Fund Balances - End of Year</u>	<u>\$ 1,592,449.44</u>	<u>\$ 13,465.28</u>	<u>\$ 1,605,914.72</u>

The notes are an integral part of the statements.

Township of Metamora
Governmental Funds
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended March 31, 2005

Net Change in Fund Balances - Total Governmental Funds \$ 69,810.26

Amounts reported for Governmental Activities in the Statement of
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;
in the Statement of Activities, these costs are capitalized and
allocated over their estimated useful lives as Depreciation 32,240.00

Repayment of Bond Principal is an Expenditure in the Governmental
Funds, but not in the Statement of Activities (where it
reduces Long-Term Debt) 163,123.00

Interest Expense is reported in the Statement of Activities
when a Liability is incurred; they are reported in the
Governmental Funds only when payment is due (9,762.00)

Depreciation is an Expenditures for the Statement of
Activities, but is not reported in the Governmental Funds (72,055.00)

Net Assets of Governmental Activities \$ 183,356.26

The notes are an integral part of the statements.

Township of Metamora

Statement of Net Assets (Deficit)

Fiduciary Funds

March 31, 2005

	<u>Fiduciary Fund Types</u>		
	<u>Agency Funds</u>		
	<u>Trust & Agency Fund</u>	<u>Current Tax Collection Fund</u>	<u>Totals March 31, 2005</u>
<u>Assets</u>			
Cash - Savings & Certificates	\$ 1.50	\$ 919,230.63	\$ 919,232.13
Due From Other Funds	-	-	-
<u>Total Assets</u>	<u>\$ 1.50</u>	<u>\$ 919,230.63</u>	<u>\$ 919,232.13</u>
<u>Liabilities & Fund Balance</u>			
<u>Liabilities</u>			
Due To General Fund	\$ -	\$ 919,230.63	\$ 919,230.63
Due To Others	1.50	-	1.50
<u>Total Liabilities</u>	<u>1.50</u>	<u>919,230.63</u>	<u>919,232.13</u>
<u>Fund Balances</u>			
Unreserved & Undesignated	-	-	-
<u>Total Fund Balances</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities & Fund Balances</u>	<u>\$ 1.50</u>	<u>\$ 919,230.63</u>	<u>\$ 919,232.13</u>

The notes are an integral part of the statements.

Township of Metamora
Notes to the Financial Statements
For The Year Ended March 31, 2005

The accounting methods and procedures adopted by the Township of Metamora, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Township's Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Township of Metamora was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Metamora (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Building Inspection Fund - The fund is setup for the monitoring of Township construction. It is primarily funded through the collection of permits for the various types of construction.

Additionally, the Township reports the following fund types:

Trust & Agency Fund - The Trust & Agency Fund accounts for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, or other governments.

Township of Metamora
Notes to the Financial Statements
For The Year Ended March 31, 2005

Measurement Focus and Basis of Accounting

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Cash - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Due to and Due From Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Vacation, Sick Leave, & Other Compensated Absences - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Infrastructure	40 years
Buildings & Building Improvements	20 to 40 years
Machinery & Equipment	3 to 10 years

Township of Metamora
Notes to the Financial Statements
For The Year Ended March 31, 2005

Long-Term Obligations - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Accounting Changes

GASB Statement No. 34 - Effective April 1, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township as well as assets previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

Township of Metamora
Notes to the Financial Statements
For The Year Ended March 31, 2005

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Township Council as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the Special Revenue Funds are presented in the required supplemental information.

During the year ended March 31, 2005, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Township Board	\$ 9,625	\$ 9,728	\$ 103
Professional Services	90,188	91,793	1,605
Cemetery	2,630	2,660	30
Street Lighting	2,750	2,950	200
Capital Outlay	27,500	32,240	4,740
Debt Service - Principal	135,127	163,123	27,996
Building Fund			
Administration	27,450	30,988	3,538
Transfers Out	0	9,147	9,147

Township of Metamora
Notes to the Financial Statements
For The Year Ended March 31, 2005

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary - Trust & Agency Funds</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	<u>\$ 650,731</u>	<u>\$ 919,232</u>	<u>\$ 1,569,963</u>

The Township's deposits are in accordance with statutory authority. As of March 31, 2005, the balance sheet carrying amount of cash deposits was \$1,569,963. The bank balance as of March 31, 2005, was \$1,569,963, of which \$366,644 was covered by FDIC insurance.

All cash deposits and investments of the Township are held by the Township in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

	<u>Category</u>			<u>Carrying Value</u>
	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	
Investments	<u>\$ NONE</u>	<u>\$ NONE</u>	<u>\$ NONE</u>	<u>\$ NONE</u>

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Township or its agent in the Township's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and may be paid by the following February 14.

The Township levied the following taxes:

Township Operating	1.4153 mills
Police Protection	2.2500 mills
Fire Protection	.9680 mills

Township of Metamora
Notes to the Financial Statements
For The Year Ended March 31, 2005

5. Capital Assets

Capital assets activity of the Township's governmental activities was as follows:

	<u>Balance April 1, 2004</u>	<u>Additions</u>	<u>Disposals & Adjustments</u>	<u>Balance March 31, 2005</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 576,050	\$ 0	\$ 0	\$ 576,050
Capital Assets Being Depreciated:				
General Government	\$ 98,355	\$ 0	\$ 0	\$ 98,355
Fire Protection	987,328	2,012	0	989,340
Police Department	<u>202,988</u>	<u>30,228</u>	<u>0</u>	<u>233,216</u>
Subtotal	1,288,671	32,240	0	1,320,911
Accumulated Depreciation:				
General Government	46,254	2,668	0	48,922
Fire Protection	299,290	44,951	0	344,241
Police Department	<u>64,024</u>	<u>24,436</u>	<u>0</u>	<u>88,460</u>
Subtotal	<u>409,568</u>	<u>72,055</u>	<u>0</u>	<u>481,623</u>
Net Capital Assets Being Depreciated	<u>\$ 879,103</u>	<u>\$ (39,815)</u>	<u>\$ 0</u>	<u>\$ 839,288</u>
Net Capital Assets	<u><u>\$ 1,455,153</u></u>	<u><u>\$ (39,815)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,415,338</u></u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 2,668
Public Safety	69,387
Total Governmental Activities	<u><u>\$ 72,055</u></u>

Township of Metamora
Notes to the Financial Statements
For The Year Ended March 31, 2005

6. Long -Term Debt

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions (Reductions)	Ending Balance	Due Within One Year
Governmental Activities						
General Obligation Bonds & Contracts						
Land Contract Payable - 20 Acres - Individual						
Amount of Issue - \$539,500						
Maturing through June 16, 2010						
	3.95%	\$57,100 - \$18,728	\$ 396,992	\$ (57,100)	\$ 339,892	\$ 59,354
Lapeer County Road Commission - Bond Payable						
Amount of Issue - \$500,000						
Maturing through August 1, 2011						
	7.00% - 4.15%	\$50,000	\$ 400,000	\$ (50,000)	\$ 350,000	\$ 50,000
D205 Midship Tanker Typhoon Chassis Fire Truck						
Lapeer County Bank & Trust - Installment Loan						
Amount of Issue - \$200,000						
Maturing through June 2, 2010						
	3.10%	\$26,026 - \$1,228	\$ 200,000	\$ (26,026)	\$ 173,974	\$ 26,833
Total Governmental Activities			\$ 996,992	\$ (133,126)	\$ 863,866	\$ 136,187

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

Years Ending March 31,	Governmental Activities		
	Principal	Interest	Total
2005	\$ 136,187	\$ 32,362	\$ 168,549
2006	139,365	27,767	167,132
2007	142,660	22,222	164,882
2008	146,076	16,644	162,720
2009	149,622	10,984	160,606
2010	69,946	5,120	75,066
2011	50,000	1,150	51,150
Total	\$ 833,856	\$ 116,249	\$ 950,105

7. Interfund Receivables, Payables, & Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	Due From Other Funds		Due To Other Funds
General Fund	\$ 919,231	Trust & Agency Fund	\$ 919,231
General Fund	8,847	Building Department Fund	8,847
Total	\$ 928,078		\$ 928,078

Township of Metamora
Notes to the Financial Statements
For The Year Ended March 31, 2005

Interfund Transfers reported in the Fund Statements are as follows:

	<u>Transferred From</u>		<u>Transferred To</u>
Building Department Fund	\$ 9,147	General Fund	\$ 9,147
Total	<u>\$ 9,147</u>		<u>\$ 9,147</u>

8. Deferred Compensation Plan

The Township offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years, up to a maximum of the lesser of \$12,000 or 25% of their compensation annually. The deferred compensation is not available to the employees until retirement, death, or unforeseeable emergency. There are no employer contributions required by the plan. During 1997, the law was changed to allow trusts to be created for the plan assets, thereby, insulating the assets from the unit of government's general creditors. As a result, the plan assets are not reported in the Township's financial statements to properly reflect that the Township does not have any fiduciary or administrative responsibility for the plan.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of participants and their beneficiaries.

It is the opinion of the Township that the Township has no liability for losses under the plan but does have the duty of care that would be required of an ordinary prudent investor.

9. Rentals Under Operating Lease

The Township is a lessor of a parcel of land on which cellular telephone radio communications system was constructed, under a non-cancelable operating lease, which expires October 2005. The lease provides for annual rent in the amount of \$14,400. The lease has five renewal options, of which each cover a five-year period with escalating rentals.

The Township entered into separate non-cancelable operating leases with second, third, and fourth parties on the same parcel of land described above. The leases provide for an annual rent as stated below. The lease agreements have five renewal options, of which each covers a five-year period with escalating rentals.

The expiration dates and annual rent are as follows:

Second Lease -	February 2006	\$ 9,600
Third Lease -	March 2006	\$12,000
Fourth Lease -	April 2007	\$ 9,600

Future minimum rents receivable under these non-cancelable leases are as follows:

Fiscal Year Ending March 31,

2006	\$45,600
2005	24,000
2006	24,000
2007	14,400

Township of Metamora
Notes to the Financial Statements
For The Year Ended March 31, 2005

10. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

None

11. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

12. Contingent Liability

The Township is involved in various legal actions arising in the normal course of business. In the opinion of the Township Board, such matters will not have a material effect upon the financial position of the Township.

The Township has an unfunded post-retirement health care cost that is not recorded in the financial statements. The Township has contracted to cover approximately five to six employees that were hired prior to 1997. The Township will need to have an actuary determine the unfunded liability and then proceed to fund this liability.

Required Supplemental Information

Township of Metamora

Required Supplemental Information Budgetary Comparison Schedule General Fund For Year Ended March 31, 2005

	Original Budget	Amended Actual	Actual	Variance with Amended Budget
Revenues				
General Government				
Property Taxes & Admin Fees	\$ 341,000.00	\$ 341,000.00	\$ 343,862.20	\$ 2,862.20
State Shared Revenue	247,000.00	247,000.00	249,301.00	2,301.00
Licenses, Fees & Permits	25,000.00	25,000.00	34,017.25	9,017.25
Leases & Franchise Fees	52,700.00	52,700.00	53,799.66	1,099.66
Interest Earned	12,000.00	12,000.00	22,842.05	10,842.05
Reimbursements	4,000.00	4,000.00	10,263.77	6,263.77
Miscellaneous	2,350.00	9,250.00	28,184.30	18,934.30
Total General Government	684,050.00	690,950.00	742,270.23	51,320.23
Police Protection				
Property Taxes	431,370.00	431,370.00	467,762.79	36,392.79
Fines & Forfeitures	22,862.75	16,988.45	30,407.49	13,419.04
Grant Proceeds	-	-	9,477.33	9,477.33
Interest Earned	600.00	600.00	958.24	358.24
Miscellaneous	2,800.00	2,800.00	7,433.69	4,633.69
Total Police Protection	457,632.75	451,758.45	516,039.54	64,281.09
Fire Prevention				
Property Taxes	191,528.51	384,652.46	201,251.34	(183,401.12)
Charges for Services	-	-	7,373.44	7,373.44
Grant Proceeds	-	-	10,800.00	10,800.00
Interest Earned	-	-	1,285.38	1,285.38
Miscellaneous	-	-	510.00	510.00
Total Fire Prevention	191,528.51	384,652.46	221,220.16	(163,432.30)
Total Revenues	\$ 1,333,211.26	\$ 1,527,360.91	\$ 1,479,529.93	\$ (47,830.98)

Township of Metamora
Combined Statement of Revenues, Expenditures
And Changes in Fund Balance
Actual Compared to Budget - General Fund
For Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<u>Expenditures</u>				
<u>Legislative</u>				
Township Board	\$ 9,625.00	\$ 9,625.00	\$ 9,728.30	\$ (103.30)
<u>General Government</u>				
Supervisor	35,375.00	29,975.00	29,940.11	34.89
Elections	8,900.00	9,903.45	9,859.73	43.72
Professional services	73,400.00	90,188.18	91,793.03	(1,604.85)
Clerk	67,750.00	66,045.00	65,571.29	473.71
Board of Review	1,525.00	1,725.00	1,647.31	77.69
Treasurer	49,625.00	41,050.00	40,855.29	194.71
Township Hall	66,800.00	73,460.00	87,837.68	(14,377.68)
Cemetery	3,825.00	2,630.00	2,660.34	(30.34)
Insurance & Administration	139,025.00	158,163.00	154,903.00	3,260.00
<u>Total General Government</u>	446,225.00	473,139.63	485,067.78	(11,928.15)
<u>Public Safety</u>				
Police Protection	432,632.75	446,319.38	443,864.75	2,454.63
Fire Prevention	156,801.51	252,975.00	152,149.63	100,825.37
Street Lighting	2,400.00	2,750.00	2,949.62	(199.62)
Planning and Zoning				
Zoning Department	6,600.00	6,600.00	6,150.00	450.00
Planning Commission	11,800.00	8,300.00	7,979.31	320.69
Planner	30,000.00	30,000.00	27,580.86	2,419.14
Engineering	8,000.00	12,775.00	12,775.00	-
Zoning Board of Appeals	3,600.00	2,600.00	2,324.46	275.54
<u>Total Public Safety</u>	651,834.26	762,319.38	655,773.63	106,545.75
<u>Highways, Streets, & Bridges</u>	44,000.00	39,500.00	32,881.74	6,618.26
<u>Capital Outlay</u>	27,500.00	27,500.00	32,240.00	(4,740.00)
<u>Debt Service - Principal</u>	105,027.00	135,127.00	163,123.00	(27,996.00)
<u>Debt Service - Interest</u>	49,000.00	45,000.00	38,508.73	6,491.27
<u>Total Expenditures</u>	1,333,211.26	1,492,211.01	1,417,323.18	74,887.83
<u>Excess of Revenues Over (Under) Expenditures</u>	-	35,149.90	62,206.75	27,056.85
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	-	-	9,147.26	9,147.26
<u>Excess of Revenues & Operating Transfers In Over (Under) Expenditures & Operating Transfers Out</u>	-	35,149.90	71,354.01	36,204.11
<u>Fund Balance - Beginning of Year</u>	-	-	1,521,095.43	1,521,095.43
<u>Fund Balance - End of Year</u>	\$ -	\$ 35,149.90	\$ 1,583,302.18	\$ 1,548,152.28

Township of Metamora
Combined Statement of Revenues, Expenditures
And Changes in Fund Balance
Actual Compared to Budget - Building Fund
For Year Ended March 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Licenses and Permits	\$ 76,850.00	\$ 88,984.00	\$ 94,648.00	\$ 5,664.00
Interest	200.00	200.00	746.76	546.76
Miscellaneous	-	11,900.00	-	(11,900.00)
<u>Total Revenues</u>	<u>77,050.00</u>	<u>101,084.00</u>	<u>95,394.76</u>	<u>(5,689.24)</u>
<u>Expenditures</u>				
Administration	27,400.00	27,450.00	30,987.96	(3,537.96)
Building Inspector	31,045.00	40,045.00	36,604.61	3,440.39
Electrical Inspector	6,120.00	7,020.00	6,511.06	508.94
Plumbing Inspector	6,435.00	6,435.00	5,879.63	555.37
Mechanical Inspector	6,050.00	8,050.00	7,807.99	242.01
<u>Total Expenditures</u>	<u>77,050.00</u>	<u>89,000.00</u>	<u>87,791.25</u>	<u>1,208.75</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	-	12,084.00	7,603.51	(4,480.49)
<u>Other Financing Sources (Uses)</u>				
Operating Transfers In (Out)	-	-	(9,147.26)	(9,147.26)
Excess of Revenues & Operating Transfers In Over (Under) Expenditures & Operating Transfers Out	-	12,084.00	(1,543.75)	(13,627.75)
<u>Fund Balance - Beginning of Year</u>	<u>-</u>	<u>-</u>	<u>15,009.03</u>	<u>15,009.03</u>
<u>Fund Balance - End of Year</u>	<u>\$ -</u>	<u>\$ 12,084.00</u>	<u>\$ 13,465.28</u>	<u>\$ 1,381.28</u>

Other Supplemental Information

Township of Metamora
Other Supplemental Information
Schedule of Indebtedness
March 31, 2005

Lapeer County Road Commission
100 Tons of Gravel on Local Roads
Interest Payable August 1 and February 1

Dated August 1, 2002
Original Issue \$500,000

Interest Rate	Date of Maturity	Principal Outstanding March 31,		Remaining Annual Interest Payable
		2005	2004	
4.50%	8/1/2004	\$ -	\$ 50,000.00	\$ 8,875.00
4.50%	2/1/2005	-	-	7,750.00
4.50%	8/1/2005	50,000.00	50,000.00	7,750.00
4.50%	2/1/2006	-	-	6,625.00
4.50%	8/1/2006	50,000.00	50,000.00	6,625.00
4.50%	2/1/2007	-	-	5,500.00
4.50%	8/1/2007	50,000.00	50,000.00	5,500.00
4.50%	2/1/2008	-	-	4,375.00
4.15%	8/1/2008	50,000.00	50,000.00	4,375.00
4.15%	2/1/2009	-	-	3,338.00
4.30%	8/1/2009	50,000.00	50,000.00	3,338.00
4.30%	2/1/2010	-	-	2,262.00
4.45%	8/1/2010	50,000.00	50,000.00	2,262.00
4.45%	2/1/2011	-	-	1,150.00
4.60%	8/1/2011	50,000.00	50,000.00	1,150.00
<u>Total Notes Payable</u>		<u>\$ 350,000.00</u>	<u>\$ 400,000.00</u>	<u>\$ 70,875.00</u>

Township of Metamora
Other Supplemental Information
Schedule of Indebtedness
March 31, 2005

Installment Loan - Lapeer County Bank & Trust
D 205 Midship Tanker Typhoon Chassis Fire Truck

Dated June 2, 2003
Original Issue \$200,000

Interest Rate	Date of Maturity	Principal Outstanding March 31,		Annual Interest Payable
		2005	2004	
3.10%	8/1/2004	\$ -	\$ 26,026.00	\$ 6,200.00
3.10%	8/1/2005	26,833.00	26,833.00	5,393.00
3.10%	8/1/2006	27,665.00	27,665.00	4,561.00
3.10%	8/1/2007	28,523.00	28,523.00	3,703.00
3.10%	8/1/2008	29,406.00	29,406.00	2,820.00
3.10%	8/1/2009	30,319.00	30,319.00	1,907.00
3.10%	8/1/2010	1,228.00	31,228.00	968.00
<u>Total General Obligation Bonds</u>		<u>\$ 143,974.00</u>	<u>\$ 200,000.00</u>	<u>\$ 25,552.00</u>

Land Contract Payable - Oxford Bank
20 Acres Joining Existing Township Property

Dated June 16, 2000
Original Issue \$539,500

Interest Rate	Contract Due For The Year Ending	Principal Outstanding March 31,		Annual Interest Payable
		2005	2004	
3.95%	6/16/2004	\$ -	\$ 57,100.00	\$ 15,681.00
3.95%	6/16/2005	59,354.00	59,354.00	13,426.00
3.95%	6/16/2006	61,700.00	61,700.00	11,081.00
3.95%	6/16/2007	64,137.00	64,137.00	8,644.00
3.95%	6/16/2008	66,670.00	66,670.00	6,111.00
3.95%	6/16/2009	69,303.00	69,303.00	3,477.00
3.95%	6/16/2010	18,728.00	18,728.00	740.00
<u>Total Installment Purchase Contract Payable</u>		<u>\$ 339,892.00</u>	<u>\$ 396,992.00</u>	<u>\$ 59,160.00</u>
<u>Total General Obligation Bonds & Contracts</u>		<u>\$ 833,866.00</u>	<u>\$ 996,992.00</u>	<u>\$ 155,587.00</u>

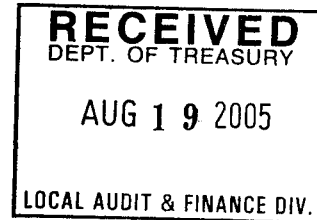
LEHN L. KING
CERTIFIED PUBLIC ACCOUNTANT

3531 MAIN STREET
MARLETTE, MICHIGAN 48453

Phone 989-635-3113
Fax 989-635-5580

May 19, 2005

Members of the Township Board
Metamora Township
Lapeer County, Michigan



Board Members:

In accordance with your request, I have made an examination of the financial statements of Metamora Township for the fiscal year ended March 31, 2005. During the course of my examination, certain items came to my attention on which I would like to comment and offer my recommendations.

- 1.) The Township needs to receive their engineering bills on a timely basis. The Township is not receiving potential reimbursements because of the delay in the time between the engineering services rendered and the subsequent billing received.
- 2.) It is my recommendation that time cards be signed by authorized personnel from the respective department when they are turned in to the Township Clerk.
- 3.) It is my recommendation that the elected officials of the Township take steps to strengthen the internal control of the security of the accounting system. In order to accomplish this, I have two recommendations that should be implemented. The first one is to set up and maintain a policy for regulating passwords to better safeguard the Township accounting system from unauthorized manipulation of data, whether intentional or unintentional. Along with regulating the passwords, there should be restrictions placed on the users to limit the access to what is necessary for the respective departments. The second one is to turn a specific feature on in the accounting system that will allow me to monitor any change of the data. This feature is called an "audit trail".
- 4.) It is my recommendation that a separate fund be established for the Police and Fire activity. It is required that when a Municipality receives voted millage, the funds need to be accounted for in such a manner that it can only be spent for the intended use. Setting up separated funds for the Fire and Police departments would help in this process.

From an overall standpoint, the Township records are in good order. The Clerk & Treasurer are doing an outstanding job in keeping the financial books and records of the Township.

I thank the Township officials for the cooperation I received in the completion of this audit. Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

Lehn King

Lehn L. King
Certified Public Accountant